

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 AGR-20 CEA-02 COME-00 EB-11

FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSC-07 PA-04

RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00

PRS-01 SPC-03 FEA-02 OMB-01 AF-10 ARA-16 EA-11 NEA-10

DRC-01 /224 W

----- 124846

O R 051850Z MAR 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6539

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS UNN

C O N F I D E N T I A L EC BRUSSELS 1368

E. O. 11652: N/A

TAGS: GATT, ETRD

SUBJ: ARTICLE XXIV:6 NEGOTIATIONS -- SOAMES INVITES

MALMGREN TO BRUSSELS FOR NEGOTIATIONS

REF: EC BRUSSELS 1240

1. SUMMARY. SOAMES SUGGESTS THAT AMBASSADOR MALMGREN

COME TO BRUSSELS NEXT WEEK FOR FURTHER NEGOTIATIONS

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WITH HIJZEN ON ARTICLE XXIV:6. SOAMES ANTICIPATES A

VISIT BY AMBASSADOR EBERLE LATER IN MARCH. HE IS AIMING FOR A FINAL PACKAGE FOR THE EC COUNCIL ON APRIL 1. SOAMES ASKS THAT WE AVOID INFORMING THE PRESS ABOUT THE MALMGREN/EBERLE VISITS. IN A SUBSEQUENT CONVERSATION WITH A MISSION OFFICER HIJZEN REITERATED THE POINT ABOUT KEEPING THE MATTER OUT OF THE NEWSPAPERS AND SAID HE WOULD BE WILLING TO MEET WITH MALMGREN BEGINNING ON MARCH 12. END SUMMARY.

2. SIR CHRISTOPHER SOAMES TOLD AMBASSADOR GREENWALD ON MARCH 5 THAT THE MARCH 4 EC COUNCIL PRESENTATION ON ARTICLE XXIV:6 HAD GONE IN ACCORDANCE WITH HIS SCENARIO. THERE HAD BEEN NO DISCUSSION WHATSOEVER. SOAMES DESCRIBED HIS STATEMENT AS ONE WHICH MADE CLEAR TO THE MINISTERS THE EC INTERPRETATION THAT THE US WOULD NOT LOSE ITS GATT RIGHTS SHOULD WITHDRAWALS BE DELAYED BEYOND JUNE 30. HE TOLD THEM THAT THE COMMISSION, ACTING ON THE ADVICE OF THE ARTICLE 113 COMMITTEE, HAD MADE THIS POINT TO THE UNITED STATES. HE ALSO EXPLAINED TO THE COUNCIL THAT SOME COUNTRIES HAD NOT YET GIVEN RESPONSES.

3. SOAMES TOLD THE COUNCIL THAT CEREALS WAS AN OUTSTANDING MATTER FOR CANADA, AUSTRALIA AND THE US, AND ALL WERE INTERESTED IN A STATEMENT WITH THE EC ON CEREAL RIGHTS. THE US ALSO WANTED CONCESSIONS ON OTHER ITEMS AND HAD THREATENED WITHDRAWALS. THE COMMISSION WOULD CONTINUE TO CONSULT WITH ITS TRADING PARTNERS AND SOAMES WOULD PRESENT A FULL REPORT TO THE COUNCIL IN APRIL.

4. SOAMES SAID THE NEXT STAGE WAS FOR AMBASSADOR MALMGREN TO COME TO BRUSSELS FOR DISCUSSIONS WITH HIJZEN NEXT WEEK. PRIOR TO TALKING WITH MALMGREN, HIJZEN WILL NEED TO STRAIGHTEN OUT THE COMMISSION'S LINES WITH THE MEMBER STATES. SOAMES ANTICIPATES THAT SHORTLY AFTER MALMGREN'S VISIT THERE MIGHT NEED TO BE A VISIT BY AMBASSADOR EBERLE. THE COMMISSION STAFF WILL NEED TO PUT TOGETHER A FINAL PAPER ON MARCH 25 TO BE DISCUSSED BY THE FULL COMMISSION ON MARCH 27, PRESENTED TO THE CONFIDENTIAL

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COMMITTEE OF PERMANENT REPRESENTATIVES ON MARCH 28, AND FINALLY PRESENTED TO THE COUNCIL ON APRIL 1.

5. SOAMES MADE SEVERAL ADDITIONAL POINTS. HE STRONGLY RECOMMENDED THAT MALMGREN NOT INFORM THE PRESS ABOUT HIS VISIT. HE ASKED THAT OUR WITNESSES BEFORE THE SENATE FINANCE COMMITTEE ALSO AVOID REFERRING TO A MALMGREN VISIT NEXT WEEK. SOAMES WANTS TO GIVE THE

IMPRESSION THAT HE IS TALKING IN A NUMBER OF PLACES WITH A NUMBER OF COUNTRIES. DISCUSSIONS WITH AUSTRALIA AND CANADA ON CEREALS WILL HAVE TO TAKE PLACE IN GENEVA, AND HE ASKED THAT THE US ALSO AGREE TO MEETINGS IN GENEVA AS PART OF THIS FACADE.

6. SOAMES ALSO STRONGLY COUNSELED AGAINST US APPROACHES TO CAPITALS AT THIS TIME. EIGHT MEMBER STATES WANT THIS MATTER SETTLED AND DO NOT, THEREFORE, REQUIRE FURTHER PERSUASION NOW. SOAMES SERIOUSLY DOUBTS THAT A US APPROACH TO THE FRENCH WOULD CHANGE THEIR POSITION. DE MOREL MIGHT BE SOMEWHAT ACCOMMODATING, BUT THE PROBLEM IS TO TURN AROUND JOBERT AND SOUVIRON AND SOAMES DOUBTS THAT DIRECT US EFFORTS WOULD BE HELPFUL IN THAT REGARD.

7. SOAMES STRESSED THAT THERE WAS A LIMIT TO WHAT THE COMMUNITY WOULD BE ABLE TO DO TO IMPROVE ITS OFFER. AT ONE POINT HE DESCRIBED THIS AS "COSMETIC" AND AT ANOTHER AS "GETTING A FEW IMPROVEMENTS HERE AND THERE". IF THE UNITED STATES UNDERSTAND THESE LIMITS, SOAMES BELIEVES A SOLUTION IS POSSIBLE. AT THE APRIL 1 COUNCIL MEETING SOAMES HOPES TO PRESENT AN AGREED PACKAGE. IF THE US REQUESTS WERE BEYOND WHAT THE COMMISSION THOUGHT POSSIBLE, HE WOULD DESCRIBE THE SITUATION TO THE COUNCIL AND RECOMMEND AGAINST ACCEPTING THEM. HE WOULD ALSO PRESENT THE FACTS ABOUT POSSIBLE RETALIATION.

8. IN A SUBSEQUENT CONVERSATION WITH A MISSION OFFICER HIJZEN SAID THAT HE WOULD BE WILLING TO MEET WITH MALMGREN AS EARLY AS TUESDAY, MARCH 12, THOUGH HE WOULD REALLY PREFER MARCH 13, 14, OR 15. HIJZEN HOPED THAT THE MEETING
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COULD BE KEPT A SMALL AS POSSIBLE. HE SAID HE WAS UNDER NO ILLUSION THAT HE AND MALMGREN COULD SETTLE THE MATTER, BUT HE THOUGH THAT FRANK ALL-DAY DISCUSSION OF THE DETAILS WOULD GO A LONG WAY TO SORTING OUT THE PARAMETERS OF THE PROBLEM. HIJZEN EXHOED SOAMES'REQUEST THAT THE VISIT BE KEPT OUT OF THE PRESS. PRESS STORIES COULD ONLY HEM IN HIJZEN'S NEGOTIATING POSSIBILITIES.
GREENWALD

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